



HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY



David Y. Ige  
Governor

Brian Lee  
Chairperson

Anthony J. H. Ching  
Executive Director

Ref. No.: PI PH 3.228

January 27, 2015

The Honorable Donna Mercado Kim  
Senate President  
State Senate  
State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear Madame President:

Re: Report of Public Hearing of January 21, 2015

In accordance with Act 251, SLH 2006, the Hawaii Community Development Authority is transmitting herein the report of the public hearing on Development Permit Application KAK 14-101: Artspace Projects, Inc.

If you have any questions, please feel free to contact me at 594-0300.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. H. Ching".

Anthony J. H. Ching  
Executive Director

AJHC:ak  
Enc.

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SUMMARY - PUBLIC HEARING  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
State of Hawaii  
January 21, 2015 – 9:00 a.m.

ATTENDANCE

Members Present: Mr. Brian Lee (Chairperson)  
Mr. Jade Butay (DOT)  
Mr. Miles Kamimura  
Mr. Scott Kami (DBF)  
Mr. Brian Tamamoto  
Mr. Rodney Funakoshi (DBEDT)  
Mr. Joseph Earing (DAGS)

Absent: Ms. Lois Mitsunaga

HCDA Staff: Mr. Anthony Ching (Executive Director)  
Lori Tanigawa, Esq. (Deputy Attorney General)  
Ms. Lindsey Doi  
Ms. Shelby Hoota  
Mr. Daniel Simonich  
Ms. Hedy Coleman (Court Reporter)

For the Applicant

Jennifer Lim Benck, Esq.  
Mr. Gregory Handberg

A public hearing of the Kakaako members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority at 9:00 a.m. on Wednesday, January 21, 2015, at the Authority’s principal offices at 461 Cooke Street, Honolulu, Hawaii 96813.

DEVELOPMENT PERMIT APPLICATION KAK 14-101: ARTSPACE

Chairperson Lee stated that the public hearing was being held under the provisions of Act 61, Session Laws of Hawaii 2014, Subchapter 3 of Hawaii Administrative Rules (“HAR”) Chapter 15-219, and HAR Chapter 15-217 at the HCDA office, 461 Cooke Street, Honolulu, Hawaii 96813, to allow members of the general public an opportunity to present oral and/or written comments prior to decision-making.

The Applicant is Artspace. The request is for a development permit for a mixed-use Project with residential, retail, and cultural components on a lot identified as Tax Map Key (“TMK”): (1)2-3-003: 040. The Project location is 1025 Waimanu Street. The Project is

proposing affordable rental units targeting low-income groups between 30% and 60% area median income. The Project consists of a mix of 84 residential units which will include one-, two-, and three-bedroom units in a 99-foot high, 8-story structure; 94 vehicle stalls on the lower 2 floors; 6,481 square feet of commercial space; and approximately 9,264 square feet of open space and recreation space.

The Applicant is not requesting modification from the applicable, HAR Chapter 15-217. The Project is pursuing exemptions through a process provided by Chapter 201H, Hawaii Revised Statutes ("HRS").

Application date was October 31, 2014. Legal notice of the public hearings was published on in the Honolulu Star-Advertiser on November 8, 2014.

### INTRODUCTION BY THE APPLICANT

Ms. Benck introduced the Applicant's team, including Mr. Greg Handberg, Ms. Cathryn Vandenbrink and Mr. Abbey Meyer.

### STAFF REPORT

Executive Director Ching reported on Staff's Findings of Fact, Conclusions of Law, and Decision and Order. He covered Findings of Fact which give general description of the Project and indicate conformance to the Mauka Area Rules. Executive Director Ching noted the particular Findings of Fact which detail the requirements for Green Building. He described the Findings of Fact which pertain to the Chapter 201H exemptions requested by the Applicant, including exemptions for proposed building setback, proposed awning height, proposed density of 3.7 floor area ratio, proposed loading space dimensions, waiver of public facilities dedication fees, as well as waiver of fees and costs related to public hearings.

Executive Director Ching noted the Findings of Fact which relate to the determination of adequate infrastructure for the Project, including the sewer connection application and comments received from the Board of Water Supply. Executive Director Ching described the Findings of Fact regarding Act 61. Executive Director Ching noted that an Environmental Assessment was completed and published for the Project. He further highlighted the Findings of Facts which relate to the Project aligning with Transit Oriented goals and offering Complete Streets. Executive Director Ching noted that no historic or cultural findings were identified in the Archaeological Inventory Survey and that the State Historic Preservation Division found the process to be complete. Executive Director Ching covered the Findings of Fact which describe some of the financing for the Project. Member Funakoshi noted that Findings of Fact #99-b details the Project to be a very high priority for the Applicant, Artspace Inc. which has itself committed substantial resources. Executive Director Ching described the Findings of Fact pertaining to lease terms which detail the long-term affordability of the rental units. He further noted the Findings of Fact which describe the conclusions of a Traffic Impact Assessment.

Executive Director Ching described the conditions placed on the Project in the Decision and Order including: transit accommodations; mitigation for impacts on traffic; mitigation for impacts on archaeological and historical resources; requirements for sustainable design; review of landscaping, sidewalk, curb cuts and driveways; infrastructure including improvement necessary to proceed with the Project and improvements proposed for the HCDA district-wide improvement program; compliance with requirement of HRS §201H-38; compliance with all applicable HCDA Rules; and recordation of the Decision and Order.

Member Brian Tamamato asked about how the HRS Chapter 201H application submitted to the HCDA is different than the HRS Chapter 201H application submitted to the Hawaii Housing Finance & Development Corporation (“HHFDC”) or the City and County of Honolulu (“City”). Ms. Benck offered clarification that HHFDC had rendered a decision that the Project qualifies for Chapter 201H, and that the Applicant is seeking specific exemptions from the HCDA which are different than what is requested for exemptions from the City.

Member Tamamato noted that it was explained at the public hearing held on December 17, 2014 that this is the first project seeking Chapter 201H exemptions to be presented to the HCDA board.

Member Tamamato asked about the lease terms for the Project. Executive Director Ching responded that generally it is \$1.00 per year, but that over time the HCDA is entitled to some potential shared revenue as might be realized from the commercial portion of the development.

Member Funakoshi asked about the title for Decision and Order #2 - #4 being labelled “Transit Accommodations”. Executive Director Ching acknowledged that Decision and Order #2 should more appropriately be labelled “Traffic”. Member Funakoshi pointed out that “TIR” is not defined and should be spelled out (“Traffic Impact Report”) for Findings of Fact #103.

Member Funakoshi also raised question if the condition for incorporating the TIR recommendations was specific enough for the Applicant to comply. Executive Director Ching explained that Findings of Fact #104 should more appropriately include as subsection the specific recommendations contained in the TIR. Ms. Benck cited Exhibit #14, page 3 as providing expert testimony that the TIR recommendations were already incorporated into the Project.

Member Joseph Earing questioned the way sustainable design was proposed in the Project application as meeting Silver rating, and the description in the Findings of Fact as meeting base rating (page 10). Member Earing asked for clarification of the rating that the Project proposes to achieve. Mr. Handberg confirmed that currently the Project is pursuing LEED Silver and that there are financial commitments which also compel them to deliver a Project that could qualify for LEED Silver certification.

Member Tamamato asked if some of the requested HRS Chapter 201H exemptions are due to part of the property being located in the Flood Zone. Ms. Benck clarified that only a small

part of the Project is in a designated Flood Zone. Executive Director Ching explained that none of the requested exemptions were related to the site being partially located in a Flood Zone and further noted that continued review of the Project would occur with various City agencies which may address flooding concerns.

Member Kami asked about additional funding sources. Mr. Handberg described some of the additional pieces of funding that continue to be assembled.

#### PRESENTATION BY THE APPLICANT

Ms. Benck presented that the Applicant has no objections to staff revisions of the Applicant's proposed Findings of Fact, Conclusions of Law, and Decision and Order. Ms. Benck noted one possible revision in formatting Findings of Fact #68.

Member Funakoshi asked about the difference between the exemptions from the HCDA and from the City. Ms. Benck answered that the requested exemptions from the City are related to permitting fees, not from zoning.

Member Tamamoto asked about the timeline for the Project from inception to completion for this Project. Mr. Handberg responded that it has been about four years to date, about six months until construction starts, and another six months until completion – so approximately seven years.

Member Tamamoto inquired why the Applicant selected Hawaii as a place to develop a project. Mr. Handberg responded that Artspace came to know their local partner in Hawaii, Pa'i, from being a mutual affiliation with the Ford Foundation. Early visits with Pa'i led to identifying local needs and possible site.

#### PUBLIC TESTIMONY

Chair Lee noted four written in support, and none in opposition. Additional members of the public came forward to provide comment on the Project. All testifiers were in support of the Project. Those individuals included:

- Sidney Lynch, Hawaii Potter's Guild,
- Vicky Holt Takamine, Executive Director of Pa'i Foundation,
- Sergio Garzon, Hawaii Academy of Performing Arts and Hawaii Arts Alliance,
- Suzanne Sato, a Kakaako resident,
- Maggie McKay, a local art teacher,
- Lois Brenner, a resident on the Diamond Head side of the Project, and
- Edward Clark, a founder of a local art school.

The Authority took a short recess.

Chair Lee asked Authority members to attest that all were prepared to make a decision. Member Tamamoto moved to adopt Staff's Findings of Fact, Conclusions of Law, and Decision and Order for development permit application KAK 14-101, on parcel TMK: (1)2-3-003: 040. The motion was seconded by Member Funakoshi.

Member Tamamoto shared his personal thoughts about how the Project in particular relates to housing goals he and other members have been discussing such as addressing lower-income levels, achieving green-building LEED ratings, and supporting native and artist populations housing needs.

Member Funakoshi added his appreciation for all involved in helping to realize such a unique and much-needed Project.

Executive Director Ching polled members on the Motion to adopt Staff's Findings as presented. All members voted yes (6), with exception of Member Earing who abstained (1) and Member Mitsunaga who was excused.

Chair Lee explained that the Applicant has the option to file exceptions if they consider the Findings adverse, and that the deadline is close of business on January 28, 2015. If exceptions are filed, the Authority will meet on February 4, 2015 to take its Final Action and formally adopt the Decision and Order.

Chair Lee explained that, alternatively, the Applicant can stipulate to accept the Findings as presented. Ms. Benck stated that the Applicant elects to waive filing exception to the Authority's Findings of Fact, Conclusions of Law, and Decision and Order.

#### ADJOURNMENT

The public hearing was adjourned at 10:51 a.m.

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.